

STATE OF UTAH
OFFICE OF THE ATTORNEY GENERAL



MARK L. SHURTLEFF
ATTORNEY GENERAL

RAYMOND HINTZE
CHIEF DEPUTY

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KIRK TORGENSEN
CHIEF DEPUTY

October 11, 2005

Peter J. Kuhn
9 Exchange Place
Boston Building, Suite 100
Salt Lake City, Utah 84111

RECEIVED

OCT 13 2005

DIV OF OIL GAS & MINING

Re: Bankruptcy Petition # 05-28848, B&H Stone Supply, LLC

Mr. Kuhn:

The Utah Division of Oil, Gas and Mining ("Division") is contacting you with regard to the Chapter 11 bankruptcy petition # 05-28848 for B&H Stone Supply, LLC to affirm that the irrevocable letter of credit issued by Far West Bank and arranged by B&H Stone ("the Operator") and Bryce Haas remains in place and is not subject to claims in the bankruptcy. The Division and the Attorney General's Office have attempted, on numerous occasions, to contact Far West Bank to obtain this information, but Far West Bank has failed to respond. At the meeting of creditors on July 7, 2005, Mr. Haas testified that, to the best of his knowledge, the letter of credit was still valid and in place. The Division understands that the debtor intends to continue these mining operations during the bankruptcy.

On August 6, 2001, B&H Stone and Bryce Haas established, with Far West Bank of Provo, Utah ("Surety") an irrevocable letter of credit, number '_____', in favor of the Division, in the amount of \$36,000.00 for mine permit M-039-013. This letter of credit is automatically extended for successive periods of one year unless the surety gives notice to the Division, 90 days prior to the expiration date, if the Surety elects not to renew the letter of credit. Absent a notice of termination with 90 days notice, the letter of credit continues until replaced or until reclamation the mine is completed.

The Division has a statutory obligation to ensure each mining operation in the State carries a sufficient reclamation surety. Every operator has an obligation to provide evidence of such surety prior to and as a pre-condition to mining. Notwithstanding the filing of bankruptcy a

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full surety must be in effect or the Division must take administrative action to immediately order all mining operations to cease.

The Division requires written affirmation from you, that the surety referenced above remains in place, and is not subject to any bankruptcy claims. Your immediate attention in this matter is greatly appreciated. Should you have any questions, please feel free to call me at (801) 538-7227.

If such affirmation is not received, the Division will file a Cessation Order no later than October 21, 2005.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve", with a stylized, cursive script.

Steven F. Alder
Assistant Attorney General
Attorney for Utah Division of Oil, Gas & Mining

cc:

Don Norton, President, Far West Bank

✓ Mary Ann Wright , Associate Director, DOGM